

VDSS: Business Modernization Program PPEA

Frequently Asked Questions (FAQ)

What is PPEA?

PPEA is the Public-Private Education Facilities and Infrastructure Act. It was passed in 2002 by the General Assembly to allow agencies, institutions, and localities to form partnerships with the private sector. Through these partnerships, the public and private sectors work together to complete major projects, like building new schools and jails, to serve the public interest. The law was amended in 2003 to include information technology (IT) infrastructure projects, like building new data centers.

How does PPEA work?

Through the PPEA, the private sector can submit unsolicited proposals to any agency, institution, or locality in the Commonwealth. The proposed projects should serve the public interest, such as improved services. It is up to the public entity to determine whether there is a need for the project, whether private sector involvement will be a timely and cost-effective way to implement the project, and whether to reject the proposal or accept it for further review and consideration. The Office of the Secretary of Technology has published [Model Procedures](#) to guide the PPEA review process.

What are some examples of successful public/private partnerships in the Commonwealth?

There are many examples of successful public/private partnerships in Virginia. Here are a few:

- Virginia Department of Taxation partnered with CGI-AMS to reengineer and modernize its business processes and operations through the use of technology, including Web-enabling. As a result, the Tax Department has improved services to taxpayers, introduced new customer services, improved operations, generated savings, and provided a foundation for future performance and service enhancements.
- Virginia Department of Transportation (VDOT) has used the Public-Private Transportation Act of 1995 to complete major road and bridge projects. The Pocahontas Parkway, including the Veteran's Memorial Bridge over the James River, was constructed in 2002 through a public/private partnership, as well as improvements to Route 288 in the Richmond area and Route 28 in Loudoun County. The PPEA is based on the Public-Private Transportation Act.
- Department of General Services is currently using the PPEA as a vehicle for completing the Capitol Square Improvements projects. This is a series of renovation and restoration projects to preserve the Capitol, the Old State Library & Archives, the Old Finance Building, and the Washington Building.

How does PPEA benefit VDSS and Business Modernization Program Effort?

The focus of the PPEA is to establish a true partnership, where each partner shares its assets, strengths, and capabilities, as well as the risks and rewards of the undertaking. The VDSS Business Modernization Program will require major upfront funding. The private sector can propose innovative financing solutions to pay for major projects so that VDSS doesn't have to

provide all the upfront funding. The Tax Project, for example, was valued at over \$122 million. The vendor provided the upfront funding to pay for the project, which it earned back through a benefits-sharing program.

What do potential partners bring to the table?

In addition to innovative funding arrangements, our potential partners bring other desirable traits to the table, including:

- Innovative ideas for solving our business problems and providing better services to citizens and customers.
- Access to state-of-the-art capabilities and technologies.
- Expertise and ability to bring major projects to successful completion and experience with similar initiatives.
- Ability to bring resources to bear for the benefit of citizens and customers of the Commonwealth.

What is VDSS trying to accomplish in technology with the PPEA?

VDSS wants to use PPEA in its approach to integrating state social services systems in order to provide better operations and business processes for the citizens, local agencies, and Commonwealth. This project may include modernization or replacement of some applications, development of new applications, and other activities. More details on our current project desires are in the Background for VDSS PPEA Business Modernization Program and Attributes for VDSS PPEA Proposals documents available at <http://www.dss.state.va.us/geninfo/ppea/index.cgi>.

Where are we in the process?

We are very early in the overall process. If you think about the process of building a house, one of the first things you do is look for someone to help you (an architect or builder) and research what's available on the market based on your family's needs (location, size, cost, design options, quality of materials, etc.). VDSS is in the initial process of finding one or more partners and gathering ideas and information from the private sector. VDSS is seeking an array of options so we can choose the design that is best for our employees, our customers, and our citizens. Just as with house-building, we have much exploring and negotiating to do before entering into a comprehensive agreement.

VDSS posted a proposal to its Web site on November 12, 2004. Over the next 60 days, other private sector companies are invited and encouraged to submit competing proposals for consideration. Beginning in early February 2005, a review team made up of VDSS Central Office and local departments of social services (LDSS) Staff, VDSS Strategic Goal 3 Steering Committee members and the Virginia Information Technologies Agency (VITA) will review and evaluate the existing proposal and any new proposals that may come in. At any time in the process, VDSS can request changes to proposals or decide to consider only parts of proposals. VDSS can also reject a proposal entirely at any time if it is not in the best interest of the Commonwealth to move forward.

What do the proposals that have been posted include?

The PPEA proposal is focused on significant improvements to VDSS's Business Process and Information Technology infrastructure. Click on the "PPEA Current - Proposals" link to review the full proposal. It is important to note any conceptual proposal posted by VDSS at this stage does not necessarily mean that the posted proposal addresses our Business Modernization Program requirements or, if addressed, that all aspects of the proposed solution are considered optimal or even desirable by VDSS. Posting of a conceptual proposal at this stage simply means that VDSS views the PPEA process as a promising procurement approach, the posted proposal addresses at least some of our requirements, the posted proposal "qualifies" under the PPEA process according to the Code of Virginia, and VDSS is interested in receiving competing proposals.

Is it VDSS' intention to outsource IT?

No. Some IT activities are clearly inappropriate to be conducted by the private sector, such as governance and oversight of IT investments. Our IT staff's in-depth knowledge of internal VDSS systems and business practices is also highly advantageous. However, outsourcing of some functions may be considered on a case-by-case basis, based on the costs, risks, and benefits of outsourcing those activities. Outsourcing will only be considered in areas where the private sector can support better services to citizens than we can afford to provide or build on our own. Proposals involving outsourcing must clearly detail the costs, risks, and benefits of that aspect in the financial section of the proposal.

The Commonwealth will only entertain proposals that take into account the welfare of the existing employees and also focus on supporting and adding technology jobs in Virginia.

How do I submit a competing proposal?

Click on "Instructions to Proposers." To be considered simultaneously with the proposal posted on November 12, the competing proposal must be submitted by 5:00 p.m. on January 12, 2005, with the \$50,000 review fee.

Can PPEA proposals be submitted at any time, or is there a specific "call" period?

PPEA proposals can be submitted at any time. Any proposal received after January 12, 2005, however, will not be reviewed and considered with the proposal posted on November 12. Proposals received after that date will be considered independently on a separate schedule.

What are the next steps in the PPEA process?

The review of PPEA proposals is a continuous process, in the sense that each proposal gets its own review. At present, we have four proposals under simultaneous review. Competing proposals are due by November 1. At that point, the proposals undergo "conceptual review," a task that will be managed by VDSS and include local departments of social services input as required by the Secretary of Administration Model Procedures and the Code of Virginia). If the review committee recommends that any or all of the proposals move forward to Detailed Review, a "recommended course of action" will be developed and submitted to the Commissioner. The Commissioner, after receiving approval from VITA's Project Management

Development Office and CIO, plus in consultation with the Information Technology Investment Board (ITIB), will submit the recommended course of action to the Commonwealth's Secretary of Technology. After consultation with the Secretaries of Administration and Finance, the Secretary of Technology may approve or reject the recommended course of action. After approval of the recommended course of action, the proposal moves into the Detailed Review phase.

If the Secretary of Technology approves the course of action and Conceptual Proposal, a Detailed Proposal will be solicited and, when received, subjected to close review by a broad group of stakeholders, again including local agencies. If it approves, the proposal will be forwarded to the Commissioner, VITA, and ITIB for approval for development and entry into negotiations for a Comprehensive Agreement. The agreement, when concluded, will be reviewed by multiple agencies before being approved by the Governor. Federal approval will also be required. If project expenditures requires State funds beyond those already authorized for VDSS, General Assembly approval may also be necessary.

At any time in the process, VDSS can request changes to proposals or decide to consider only parts of proposals. VDSS can also reject a proposal entirely at any time if it is not in the best interest of the Commonwealth to move forward.

It is critical that the review process include the solicitation, encouragement, and consideration of the input of local departments of social services and other affected Commonwealth agencies since changes to VDSS systems may significantly affect their operations. According to both the Model Procedures (Section II.B) and Code of Virginia (§ 56-575.6), proposers are responsible for distribution copies of their proposals to affected agencies. However, scheduling and method of distribution should be approved by VDSS to avoid the risk of multiple local submissions, plus to reduce the potential for confusion.

Who is reviewing the proposals?

The PPEA process calls for broad participation in the review, evaluation and selection of any PPEA agreement. The review teams for PPEA proposals received by VDSS will include local agency representatives, central service agencies (including the Departments of Human Resource Management, Planning and Budget, Accounts, General Services, and Treasury), cabinet representatives, members of the Information Technology Investment Board, and VITA staff. Some additional Commonwealth agencies may also be included based on the nature of the proposals. The review team will use a set of criteria, or desired attributes, against which to evaluate proposals in areas such as finances, approach, experience, and viability. The reviews will occur in two phases over the next seven months or so—the conceptual review phase and the detailed review phase. Click on “Attributes” in the menu above to read the criteria against which proposals will be evaluated.

In addition to the PPEA review team, the process calls for the VDSS Chief Information Officer, VDSS commissioner, the IT Investment Board, the Secretary of Health and Human Services, and the Governor to evaluate proposals and ensure solutions fully support the Commonwealth's business needs and commitments. Since this is a Major IT project and falls under the oversight responsibilities of VITA, VITA's Project Management Division will also review the proposal for adherence to their agency's policies, guidelines, and standards. The Commonwealth has the option at any time during the review process to reject proposals in whole or in part and to pick

and choose the elements that best serve the interests of Virginia and its citizens.

What is the Conceptual Phase?

The purpose of the conceptual phase is to identify potential projects and suppliers. During the conceptual stage, the review team considers the proposer's:

- Qualifications and experience,
- Project characteristics,
- Project financing,
- Anticipated public support or opposition, or both,
- Project benefit and compatibility, and
- Additional information and factors.

What is the Detailed Phase?

If a proposal is approved for further consideration under the Conceptual Phase, VITA requests the proposer to provide a more detailed proposal. The detailed review looks at the same six categories from the Conceptual Phase, in much greater detail, to identify one or more proposers to take to the next level: the Comprehensive Agreement.

What is the implementation process once an agreement is signed?

This really depends on the final structure of the Comprehensive Agreement; however, as an “In-Scope” agency, all of VDSS’ Major IT projects must be reviewed, approved, and overseen by VITA. VITA intends to apply the Project Management Standards and Guidelines to the projects that are generated from PPEA proposals. Additional information on these standards and VITA’s Project Management Division can be obtained at www.vita.virginia.gov.

How can I follow the status of PPEA proposals?

Status of the proposal review process will be posted on eVA, with details at the VDSS Web site, and will be updated periodically.

Who can I contact for more information?

For more information, contact unsolicited.proposals@dss.virginia.gov.